GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:2271
ANSWERED ON:06.08.2001
INCREASE IN MARKET SHARE OF INDIAN AIRLINES
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Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the Indian Airlines has increased its market share from 44.3% in August 2000 to more than 50% in March 2001;

(b) if so, whether the Indian Airlines has suffered a loss of Rs.177.00 crores for the year 2000-2001 despite the increase in its market share;

(c) if so, whether Indian Airlines has not revised its fare for a year whereas its rival Jet Airways has effected a 10% revision in the fare during 2000-2001;

(d) if so, whether Indian Airlines is burdened with a workforce of 400 persons per aircraft in comparision to 140 persons per aircraft for Jet Airways; and

(e) if so, the measures being taken to revive the working morale o f Indian Airlines and to ensure a better price tag also during disinvestment process?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SHARAD YADAV)

(a): During the period from August, 2000 to March 2001, market share of Indian Airlines was as follows:-

Month & Year	Market Share(%)
August,2000	42.3
September,2000	43.3
October,2000	45.5
November,2000	49.6
December,2000	50.1
January,2001	50.5
February,2001	49.9
March,2001	48.3

(b): The Revenue and Expenditure Budget of the Companyfor the year 2000-2001 prepared and approved in December, 1999, projected a net profit of Rs.28.75 crores at the then prevailling input prices. Subsequent to the Budget approval inDecember,1999, there was steep rise in ATF prices by about 50% and other input costs such as Landing and Navigational charges, increase in foreign exchange rate, insurance premium, security expenditure etc. which brought an additional financial burden of over Rs.300 crores on the Company. As a result, the Revised Estimates (RE) for the year 2000-2001 reflect a loss of Rs.177.25 crores. The Annual Accounts for the year are presently under audit.

Had the above cost escalation not taken place, the Company would have ended the financial year 2000-2001 with a profit higher than the budgeted profit of Rs.28.75 crores.

(c): Indian Airlines has not revised fares on domestic network during the year 2000-2001. It, however, implemented a limited increase in fare on select routes w.e.f. 25th May, 2001.

(d): Indian Airlines including Alliance Air has a staff strength of 21,168 making the employees aircraft ratio as 1:385.

(e) The Company continuously aims and directits resources to achieve improved productivity and financial performance. The various measures taken by the Company in this regard are given below:-

- Introduction of flexible fares
- Strict Budgetary Control

- Better Fleet Utilisation
- Improvement in the Quality of Product
- Marketing Initiatives
- Cost Control Measures
- Constant dialogue with employees and unions/associations
- Human Resource intiatives for better service delivery and attitudinal changes.